GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3072
ANSWERED ON:10.08.2001
NEW RULES FOR STOCK EXCHANGES
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Will the Minister of FINANCE be pleased to state:

(a) whether the Union Government feels that there is a great need for standardisation of the rules, procedures and regulations across the country`s stock exchanges;

(b) if so, the details in this regard; and

(c) the steps taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

(a) to (c): SEBI has intimated that SEBI had been examiningthe Bye-laws, Rules and Regulations of stock exchanges andhas amended them to bring about uniformity and make them easier to administer. These amendments have been brought about through a process of consultation with the stock exchanges. According to SEBI, the areas inwhich the rules, bye-laws and regulations have been amended, inter-alia, are:

• Administration and management structure of the stock exchanges - all stock exchanges now have governing bodies which have 50% broker directors and 50% non-brokers comprising of public representatives and SEBI Nominees.

• Appointment of Executive Director, a non-broker, with specific responsibilities of surveillance and day-to-day management of the stock exchanges. The process of appointment of the Executive Director and the broad principles of appointment and removal have also been made uniform.

• Practice of issuance of contract notes to clients with standard features including price, brokerage and time etc.

• All stock exchanges were directed to set up clearing houses or clearing corporations.

• Norms for listing and de-listing were made uniform.

• The requirements of corporate governance was specified for listed companies uniformly for all stock exchanges through listing agreement

• Rolling settlement has been introduced uniformly for all stock exchanges.

• Uniform norms for derivative trading and model bye-laws for derivative exchanges which have been newly set have been specified.